



Grant Thornton

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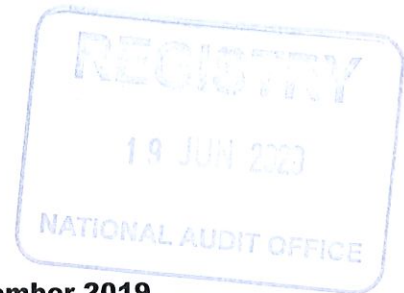
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Our ref ABC/mf/44520

3 June 2020

Dear Sir,



Financial statements for the year ended 31 December 2019

During the course of our audit for the year ended 31 December 2019 we have reviewed the accounting system and procedures operated by your council. We have also reviewed the operations of the council and how they conform to the Local Councils Act, 1993, the Financial Regulations issued in terms of this Act, and the supplementary Financial Procedures. We set out in this report the more important points that arose as a result of our review.

1 Previous management letter

✓ 1.1 Income

The council once again failed to obtain the latest audited financial statements of the Joint Committee (refer to note 2.7). ✓

We again identified discrepancies in LES reports (refer to note 2.5).

We also identified irregularities in accounting for grants (refer to note 2.1).

✓ 1.2 Expenditure

We did not identify any instances of expenses not covered by a tax invoice.

✓ The council once again failed to provide us with financial statements of Majjistral Action Group (refer to note 3.20). ✓

We again identified irregularities with the insurance policies (refer to note 3.17). ✓

We again noted that the council spent more than what was budgeted for (refer to note 3.1). ✓

1.3 Payroll

We again identified irregularities in personal emoluments (refer to note 4.1 and 4.3).

1.4 Fixed assets

The fixed asset register is once again lacking information as requested by the Local Councils (Financial) Procedures, 1996 (refer to notes 5.8 and 5.9).

We again identified discrepancies between the net book value in the fixed assets register and the net book value in the books of account (refer to note 5.3).

We are pleased to note that we did not encounter material discrepancies in the depreciation for the year.

We again identified tangible fixed assets which are not tagged (refer to note 5.12).

1.5 Inventories

We did not encounter any irregularities with inventories.

1.6 Receivables

We again identified an instance where the receivable balance is not agreeing to the debtor confirmation (refer to note 6.3).

We are pleased to note that we did not encounter any irregularities in prepayments and accrued income.

1.7 Cash and cash equivalents

We again identified irregularities in cash and cash equivalents (refer to note 7.4).

1.8 Trade and other payables

We again identified discrepancies between the direct confirmation from a supplier and the creditors' list (refer to note 8.3).

We again identified very old deposit guarantees (refer to note 8.9).

We again identified shortcomings in accruals (refer to note 8.11).

1.9 Financial statements

We did not encounter contingent liabilities not disclosed properly.

We again identified shortcomings in the presentation of financial statements (refer to note 9.1).

1.10 Council meetings and website uploads

The council did not upload all the required reports on the electronic site on time (refer to note 11.1).

1.11 Chart of accounts

We again noted that the chart of accounts is not in line with subsidiary legislation 363.01 Local Councils (Financial) Regulations (refer to note 13.1).

1.12 Mid-term audit

During the year there was no need for the council to perform a mid-term audit.

2 Income

Supplementary Government Income

- 2.1 During our testing of supplementary Government income, the council accounted for a grant received in relation to Memo 3/2018 amounting to €2,800. Upon reviewing supporting documentation, it was noted that the Local Government Division instructed the council that the amount of €2,800 was transferred to the council by mistake as the amount approved for this scheme was of €1,906 and requested a refund of €894. The council left the full amount received in supplementary Government income. An audit adjustment was proposed to account for the refund of €894 with other payables. This adjustment has been correctly incorporated in the audited financial statements.
- 2.2 We recommend that the council takes note of cases where more money than allocated was received and after careful consideration and confirmation of amounts, a payable is taken into consideration.

General income

- 2.3 During our audit, we came across instances where the council did not deposit its general income on a regular basis. Examples are:

Receipt number	Details	Receipt date	Deposit date	€
38614	Permits	26.01.2019	08.02.2019	10.00
39273	Permits	18.04.2019	10.05.2019	10.00
39505	Permits	15.05.2019	29.05.2019	30.00
39843	Permits	21.06.2019	10.07.2019	15.00
51254	Permits	12.12.2019	27.12.2019	15.00

- 2.4 Apart from the security implications of leaving cash and cheques on the premises unnecessarily, this contravenes the relevant regulations. We recommend that the council implements procedures so that all receipts are deposited at least twice weekly.

Income from LES administration fee

- 2.5 We obtained Loqus report 483 and reconciled to income from LES administration fees and established that the council's income from LES administration fees for 2019 is overstated by €1,076.72.
- 2.6 We did not propose an audit adjustment due to the fact that the council provided invoices and payments tying up to the amounts found in the books of account. However, we recommend that the council generates the Loqus report frequently and reconciles amounts to fees claimed for collection of fines. Any discrepancies should be reconciled with Loqus.

Joint Committee

- 2.7 ✓ Up to 31 August 2011, all income and expenditure from the Local Enforcement System (LES) were centralised through the Joint Committee. The Joint Committee ceased operations on that date. No audited financial statements of the Joint Committee have been made available to us and consequently we were unable to determine whether the Council is entitled to receive any further income from the Joint Committee. In view of this, we had to qualify our audit opinion.

- 2.8 ✓ We recommend that the council queries this issue with the DLG and tries to obtain audited financial statements so as to ensure whether the council has any amounts which are still due to the council.

3 Expenditure

Administrative and other expenditure

- 3.1 ✓ During our testing of expenses, we noted that the total expenditure excluding depreciation amounted to €1,216,240 whilst the budgeted figure for 2019 excluding depreciation amounted to €857,573. This resulted in the council spending €358,667 more than the budgeted amounts for 2019.

- 3.2 ✓ We strongly recommend that the council carefully budgets for expenses and ensures that expenses do not exceed the budgeted figures.

Cultural activities

- 3.3 The council incurred €9,945 for the locality day, thus exceeding the threshold of €5,728 by €4,217.
- 3.4 This contravenes memo 8/2011 which limits expenditure on the locality day to €3,500 or 0.5% of annual Government allocation (equivalent to €5,728), whichever is the higher.

Procurement procedures

- 3.5 During our audit fieldwork, the council did not provide us with three quotations in the following cases:

Supplier	Details	€
Kevin Gatt	Air conditioner council kitchen	640.00
Alex Bugeja	C20 concrete for Nigret and Saqqajja	820.71
Frankie Grech	Hire of road roller for patching works	2,124.00
Gaetano Spiteri	C20 concrete	640.00
Horace enterprises Ltd	Medals and tokens for Jum ir-Rabat	410.65

- 3.6 In accordance with the Procurement Guidelines 2017 issued by the Department for Local Government the council should obtain at least three signed quotations for purchases exceeding €50 up to €5,000 unless, for purchases exceeding €50 but not €500, a direct order approved by the Executive Secretary is issued.

- 3.7 We would also like to remind the council that in accordance with the Procurement Guidelines 2017, councils are specifically required to make a public call for quotations for expenditure in the range of €5,000 to €10,000 and issue a call for tenders for expenditures above €10,000. We also draw your attention to section e.01 of the Local Councils (Financial) Procedures, 1996 which states that a similar purchase within four months is to be considered as one single purchase.

Expired contracts

- 3.8 The following payments were not supported by active contract agreements and/or call for tenders:

Supplier	Date	Cheque no.	€
WM Environmental Ltd	04.03.2019	9859	12,075.03
WM Environmental Ltd	24.08.2019	10110	24,814.80
WM Environmental Ltd	24.09.2019	10195	42,626.95
WM Environmental Ltd	23.12.2019	10293	14,187.32
Gary Tanti	22.11.2019	10265	6,466.40

- 3.9 We were not provided with an active contract agreement between the council and WM Environmental Ltd. The executive secretary informed us that the council issued the tender multiple times but did not manage to find a replacement. The executive secretary further informed us that the tender was issued for the third time and as at date of fieldwork, the tender was being evaluated.
- 3.10 The council should not make use of expired contracts, since this is prohibited by memo 10/2013 which states that councils should issue a new call for tenders before the expiry date of existing contracts.
- 3.11 Furthermore, in the case of Gary Tanti, the executive secretary informed us that urgent cleaning work of culverts needed to be performed and therefore they had no time to issue a tender. The council informed us that they obtained quotations in this case, but we were not provided with a copy of these quotations.
- 3.12 In accordance with SL 174.04 purchases equal to or above €5,000 but below €10,000 should be supported by a call for quotations issued by the ePPS system.

Tenders exceeding budget amount

- 3.13 Whilst reviewing the opening minutes of tender T/076/19 we noted that the council budget was €1,192,278. The cheapest tender submitted was for €2,352,837 which exceeded the budget by €1,160,559.
- 3.14 May we remind the council that the budget is prepared to control the income and expenditure of the council. Thus, diverting from the budget will result in cash constraints for other services.

Payment approval

- 3.15 We identified an instance where the council issued a cheque before approval in council meetings. Cheque 9968 issued to Go plc was dated 10 May 2019 however, it was only approved on 30 June 2019.
- 3.16 No payments should be made without the approval of council members. The above payments have only been authorised by the cheque signatories, i.e. mayor and executive secretary who do not constitute a quorum of members. All councillors should be aware of payments and purchases made in the name of the council.

Asset insurance

- 3.17 During our audit we identified the below discrepancies between the asset insurance cover and net book value of assets as per prior year audited financial statements:

Asset	Sum insured €	NBV in books of account €
Property	239,286	239,288
Furniture & Fittings	17,291	7,178
Plant & machinery	2,746	585
Electronic and computer equipment	6,500	5,769
Total	265,823	252,820

- 3.18 It is evident that some of the fixed assets are over insured. May we advise the council to perform at least an annual review of its insurance policy in order to ensure that the council's insurance coverage is in line with current legislation.
- 3.19 Directive 3/2017 and Legal Notice 269 of 2017 state that the council must ensure that administrative offices, including all the furniture and office machinery are insured by a 'buildings and content' insurance. The insurance shall cover fire, theft and damage due to natural events. Circular 33/2016 also states that the insurance policy should be based on the net book value of assets included in the last audited financial statements. However, in view of the fact that a significant number of assets have a nil net book value we recommend that the insurance at least covers the replacement value for assets.

Membership in Majjstral Action Group

- 3.20 We have noted that the council is a member of the Majjstral Action Group. The council should obtain, as a member, the financial statements from Majjstral Action Group so that it is able to assess the cost/benefit of this membership. However we were not provided with the above. We were notified by the executive secretary that the council through this group managed to apply for certain EU funds which are only available through this affiliation.
- 3.21 We would like to emphasise the importance of obtaining the audited financial statements of Majjstral Action Group in order to perform cost/benefit analysis for the expenditure being spent each year. Furthermore, as a member of the Group, the council should be entitled to view the financial statements.

Rent Expense

- 3.22 Whilst performing audit procedures we noted that the council recorded a rent expense amounting to €3,696 in the books of account. We noted that the council did not account this amount in accordance IFRS 16 'Leases'. The council also failed to provide us with an assessment of leases in line with the new standard. However, given that the effect on the financial statements was not deemed to be material, no adjustments were proposed from our end.
- 3.23 We recommend that the council reviews all lease contracts in place and considers the impact of IFRS 16 'Leases' on the council's financial statements and adjust if the need arises.

4 Wages and salaries

Mayor's honorarium and councillor's allowances

- 4.1 During our testing of councillors' allowance, we noted that one of the councillors was deducted an amount of €67 for being absent for one of the meetings.
- 4.2 We remind the council that article 7 of the Presidents of the Regions, Mayors, Deputy mayors, Local councillors and Presidents of the Associations' Allowance regulations states that the allowances shall be paid pro rata every month and therefore no deductions are to be made.
- 4.3 When doing our testing on the mayor's honoraria, we noted that the council paid the mayors the amount of €13,965 in honoraria, whilst the mayors during the year should have been paid €13,689 resulting in an overpayment of €276.
- 4.4 We recommend the council to pay more attention to amounts being paid to be in line with the appropriate regulations.

5 Fixed assets

Classification of financial statements with accounting records

- 5.1 We identified differences between the net book value of certain assets in the financial statements and the net book value in the accounting records of the same categories. These are summarised below:

Asset category	NBV in financial statement €	NBV in unaudited accounting record €	Difference €
Urban improvements	396,663	397,243	(580)
Special programmes	21,730	21,150	580
	418,393	418,393	(-)

- 5.2 We recommend that the council investigates these classifications and ensures that the financial statements reflect what is included in the books of account.

Classification of financial statements with fixed assets register

- 5.3 We identified differences between the net book value of certain asset categories in the fixed assets register and the net book value in financial statements. These are summarised below:

Asset category	NBV in unaudited financial statements €	NBV in Fixed assets register €	Difference €
Property	236,188	269,333	(33,145)
Office equipment	4,770	4,436	334
Urban improvements	396,663	366,245	30,418
Special programmes	21,730	131,181	(109,451)
	659,351	771,195	(111,844)



- 5.4 Whilst going through the fixed asset register, we noted various assets which were not included in their proper category. This includes various asset additions in relation to the public convenience in St. Rita which are included in urban improvements in the books of account and financial statements, however these are included under property in the fixed asset register. We also identified air conditioners in the fixed assets register which are included in computer equipment and office equipment.
- 5.5 We recommend that the council ensures that the fixed asset register is updated with the categories shown in the fixed asset register tying up with both the financial statements and the nominal accounts so as to have the correct net book value for both tangible and intangible assets.
- 5.6 Furthermore, during our testing of additions, we noted that an addition for marble plaques amounting to €3,791 was correctly accounted for in the books of account, however this asset was not included in the fixed asset register.
- 5.7 We reiterate our recommendation that the council ensures that the fixed asset register is updated assets shown in the fixed asset register tying up to both the financial statements and the nominal accounts.

Details of fixed asset register

- 5.8 When reviewing the fixed asset register, we noted that certain details like invoice numbers, location and suppliers' details are missing. For example:

Asset category	Asset code	Description	Net book value €
Property	I001	Opening Bal	11,623.17
Property	I009	Ceiling	1,268.30
Property	I029	Painting	1,876.71
Office furniture	F055	A.C Unit	560.99
Urban improvements	R073	Misrah Suffara	8,126.15

- 5.9 We also identified instances where there was an asset code but no description as to what the asset related to. Examples include:

Asset category	Asset code	Net book value €
Urban improvements	C077	160.75
Urban improvements	R065	104.54
Urban improvements	UI161	228.16
Urban improvements	UI162	146.12

- 5.10 We recommend that every possible effort should be made to complete the fixed asset register to include at least all of the following:

- Description of asset
- Date of purchase
- Supplier details
- Invoice number
- Asset tag code (where applicable)
- Cost
- Depreciation rate
- Location of the asset
- Grants received

- 5.11 An updated fixed asset register enables the council to exercise proper control over the council's property, plant and equipment. It provides a suitable inventory/checklist which may be used to determine whether assets previously purchased are still in existence or in use. We therefore recommend that the council's fixed asset register is updated henceforth with all relevant details.

Tagging of fixed assets

- 5.12 We also noted that the council's assets are not tagged (where applicable). This is in breach of the Local Councils (Financial) Procedures, 1996.
- 5.13 We recommend that the council tags its fixed assets, where applicable, as soon as possible. This would enable individual assets to be identified and their physical existence verified with the plant register.

Fixed asset addition

- 5.14 During our testing, we noted an addition amounting to €1,547.19 with the description 'close of a/c 40020956042'. The council informed us that this was part of the amount which was granted by ARPA in relation to Measure 313. This balance was not utilised and therefore was returned to ARPA. An adjustment was proposed by the council to reverse this entry. This adjustment has been correctly incorporated in the audited financial statements.
- 5.15 We recommend that the council keeps proper records of any additions the council makes during the year with any supporting documentation being properly kept.

6 Trade and other receivables

Debtors' List

- 6.1 During our testing of trade debtors, we noted that the debtors list provided by the council did not agree with the books of account by €853. Upon querying about the discrepancy, the council informed us that this related to an accounting entry passed in the trial balance, but which was not yet reflected in the accounting software of the council. After requesting multiple times for an updated list tying up to the financial statements to be provided, the council failed to provide us with a complete list.
- 6.2 We recommend that the council always keeps a detailed listing of debtors that agrees to the financial statements and books of account. Any movements in the debtors has to be appropriately recorded in the books of account and reflected in the list.

Confirmation of trade receivables

- 6.3 As part of our audit procedures we circularised confirmation letters to selected debtors. We noted the following discrepancy between council's books of account and received confirmations:

Debtor	Amount in council's books of account €	Amount in confirmation reply €	Difference €
Wasteserv Malta	97,197.83	80,703.29	16,494.54

- 6.4 This debtor confirmed balances which were different from the amounts shown in the books of account as at 31.12.2019. The discrepancy is coming from invoices for the period October to December 2018 which are not included in the statement of Wasteserv Malta Ltd. We recommend that the council contacts the debtor to resolve any discrepancies.
- 6.5 We recommend that, as with all debtors, regular reconciliations of amounts due are prepared to promptly highlight any differences. In view of the significance of the amounts involved we have to modify our audit report.

Pre-regional LES debtors

- 6.6 During our review of pre-regional LES debtors, we noted that the tribunal pending payments in report 622 amounted to €219,859 which contrasts with the amount of €220,581 shown in the accounting records. We did not propose an audit adjustment to account for these LES debtors because it has no effect on the financial statements since LES debtors are carried at nil value following a provision for doubtful debts for the same amount.
- 6.7 We also noted that the decrease in tribunal pending payments in the books of account was €943 which contrasts with the amount of €838 shown in report 483 for pre-regional contraventions paid during the year.
- 6.8 The findings above cast doubts on the integrity of the data being generated from the Loqus IT system. Therefore, we recommend the council takes the matter up with Loqus to determine what this difference relates to.

Other debtors

- 6.9 During our review of other debtors, we noted that the council has a receivable for a guarantee amounting to €1,000. We were not provided with any supporting documentation or explanation for which project this guarantee relates to or an indication whether it is still receivable
- 6.10 We recommend that the council obtains advice on whether such amount is still receivable. Furthermore, before removing such amounts from the guarantees to the profit or loss, approval in council meeting should be obtained and approval minuted.

7 Bank and cash

Bank reconciliations

- 7.1 Whilst going through the bank statement after year end, we noted cheques which were cashed in 2020 but which the council wrote in 2019. These cheques were not included in the bank reconciliation. The cheques were the follow:

Cheque number	€
10304	460.20
10306	1,626.49
10307	53.57



- 7.2 An audit adjustment of €2,140.26 was proposed to account for these cheques not included in the bank reconciliation. This adjustment has been correctly incorporated in the audited financial statements.
- 7.3 We recommend that the council pays more attention when preparing the bank reconciliations and ensures that all cheques which are issued are either encashed by the supplier or are included in the bank reconciliation, with any discrepancies reconciled immediately.

Petty cash reconciliation

- 7.4 During our audit fieldwork we performed a cash count as at 3 March 2020 and reconciled it back to 31 December 2019. This procedure highlighted an excess of €8.06 in the accounting records. No audit adjustment was proposed due to the immateriality of the amount.
- 7.5 We would like to remind the council that petty cash should be counted and reconciled to the books on a monthly basis as required in the Financial Procedures. In this manner differences are immediately identified and adjusted.

8 Trade and other payables

Suppliers' statements

- 8.1 During the course of our audit we noted that the council did not obtain statements as at or near year-end from all suppliers to confirm the year-end balances and to ensure the completeness of the books of account. Circulars issued from time to time by the Department for Local Government specifically emphasise that the council should acquire monthly statements from all its suppliers.
- 8.2 We recommend that the council obtains monthly statements from all suppliers in order to ensure proper recording of creditors in the council's ledgers. This will highlight any discrepancies between amounts recorded in the ledger and amounts in suppliers' statements.

Creditor confirmations

- 8.3 As part of our audit procedures we circularised confirmation letters to selected creditors. We noted the following discrepancies between the council's books of account and received confirmations:

Creditor	Amount in council's books of account €	Amount in confirmation reply €	Difference €
Wasteserv Malta Ltd	68,663.34	64,083.98	4,579.36
MicaMed Limited	12,237.78	15,292.58	(3,054.80)

8.4 The council has started analysing the discrepancy highlighted for Wasteserv Malta Ltd and noted that there was a debit note which was not accounted for and an invoice which was entered into the books of account at the wrong amount. An audit adjustment with a net effect on the creditors amounting to €4,764 was proposed to account properly for these entries. This adjustment has been correctly incorporated in the audited financial statements. The council however failed to provide us with an explanation for the remaining difference of €185.

8.5 In the case of MicaMed, upon requesting for a reconciliation, the council noted that a batch of nine invoices were not accounted for by mistake. An audit adjustment of €2,590 was proposed. This adjustment has been correctly incorporated in the audited financial statements. The council however failed to provide us with an explanation for the remaining difference of €465.

8.6 It is of utmost importance that council reconciles creditors' balances on a regular basis, thus identifying and investigating any differences as soon as possible.

Debit balance in creditors' list

8.7 The council's creditors' list includes an amount of €1,430.76 debit balance in the creditors' list. We have proposed an audit reclassification to reclassify the amount above to other debtors. This has been correctly incorporated in the audited financial statements.

8.8 We reiterate our recommendation to separately disclose debit balances in the financial statements rather than set off against trade creditors. Furthermore the council should investigate why this creditor account is in debit.

Contractor's deposit guarantee

8.9 Upon enquiry about the council's deposit guarantees amounting to €8,620, we were informed that these relate to deposits requested upon application for permits of construction/ work by an individual or body corporate. Some of these deposits go back to 2007 which were never claimed. We were not provided with the list making up the amount.

8.10 We recommend that the council obtains advice on whether such amounts are still due to the contractor or whether legally, these are now the council's revenue. Furthermore, before removing such amounts from the guarantees to the profit or loss, approval in council meeting should be obtained.

Accruals

8.11 During accruals' testing we found that the council over accrued for the service of refuse collection, council cleaning and contracts manager. The total over accrual for these three expenses amounted to €7,259. An audit adjustment was proposed to decrease the expense and accruals as appropriate. This adjustment has been correctly incorporated in the audited financial statements.

8.12 The council should make adequate provisions for accrued expenditure so that it is recorded in the correct accounting period. We recommend that the council evaluates all accruals for reasonableness before closing off the books of account.

9 Financial statements

Presentation of financial statements

- 9.1 We would like to point out that in accordance with the Department's communications and instructions, councils shall prepare their financial statements in conformity with International Financial Reporting Standards. The council's financial statements diverge from this requirement in the instances noted below:
- i. In the accounting policies, note j showing the depreciation rates is not correctly reflecting the depreciation rates used in the books of account with only one rate being mentioned rather than the whole range of rates being used in the books of account.
 - ii. In the accounting policies, note q, the council is referring to operating leases. This is not in line with the new IFRS 16 applied.
 - iii. Note 5 in the financial statements is showing the amounts the councils received from LES receipts as administrative charges to Regional Committees rather than contraventions.
 - iv. In note 8 'Personal Emoluments', the average number of employees is not agreeing to the average number of employees as shown in the FS5s.
 - v. In note 13, 'Receivables', the amount shown as financial assets for the year is not correct as this amount should be excluding prepayments and other receivables.
 - vi. In note 15, 'Payables', the financial liabilities mentioned is incorrect as this is including deferred income and guarantees.
 - vii. Note 20, 'Operating Leases' is not in line with IFRS 16 requirements. The council is not recognising a lease asset and lease liability but is still accounting for leases under IAS 17.
- 9.2 We recommend that the council gives more attention to the preparation of the financial statements.

10 Council meetings

Schedules of payments

- 10.1 During audit fieldwork we noted various cheque numbers which were omitted from the schedules of payments. Further testing revealed that the omitted cheques were cancelled and erroneously not listed on the schedules. Examples include cheque numbers 9761, 9811, 9880, 9901, 10141, 10151, 10182 and 10220.
- 10.2 In accordance with P1.11 of the Local Councils (Financial) Procedures, 1996 the executive secretary must prepare complete and accurate schedules of payments containing information in sequential order and present them for council's approval. We recommend that if a cheque payment is cancelled this should be approved and properly indicated on the schedule of payments. The cancelled cheques should be retained as evidence of their cancellation.

11 Electronic website

- 11.1 During our audit work we found that the council did not upload the quarterly financial report for January to December within the required timeframe.



- 11.2 Furthermore we noted that the Business plan, Annual administration report 2018, Financial statements, management letter and reply to management letter were not uploaded.
- 11.3 We recommend that the council abides by the directive given in memo 02/2014 which states that all meeting minutes, schedules of payments and specified documents must be uploaded on the council's site within three days of approval. The "iffirmat" on the pdf documents is confirmation that the uploaded documents are the approved and correct ones.

12 Uploading of management letter and other documents

- 12.1 During our audit fieldwork, we noted that the council has not uploaded the 2018 Management Letter in full in accordance with Circular 21 of 2019.
- 12.2 We would like to remind the council of the recent General Data Protection Regulations as indicated to councils in SPI 7/2018. Councils should be mindful that there are restrictions on transmitting/ publishing information regarding personal data. Therefore, certain documents should be carefully scrutinised to ensure that they do not contravene GDPR prior to uploading on the website. This is also highlighted in Circular 7 of 2019 which states that names of third parties not directly connected with the operations of the council should not be published.
- 12.3 We therefore recommend that the council contacts the Department for clarification of this contradiction.

13 Specimen chart of accounts

- 13.1 We noted that the council is not using the specimen chart of accounts that is mandated for local councils and regional committees.
- 13.2 The chart of accounts presented by the council should be in accordance with those set out in the Local Councils (Financial) Procedures section b.02 – b.04 and explanatory notes C.01 to C.07. Using the standard accounts will comparability of profit and loss and balance sheet from year to year. It will also enable comparison of results between councils.

Conclusion

We would like to point out that the matters dealt with in this report came to our notice during the conduct of our normal audit procedures which are primarily designed for the purpose of expressing an opinion on the financial statements of the council. In consequence our work did not encompass a detailed review of all aspects of the system and cannot be relied upon necessarily to disclose defalcation or other irregularities or to include all possible improvements in internal control that a more extensive special examination might develop.

We would like to take this opportunity to thank Mr Anthony Bonello and his staff for their co-operation and assistance during the course of the audit.

Yours faithfully,